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AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

March 6, 2006

The Honorable Laura Knaperek, Chair
Joint Legislative Audit Committee

The Honorable Robert Blendu, Vice Chair
Joint Legislative Audit Committee

Dear Representative Knaperek and Senator Blendu:

Our Office has recently completed a 6-month followup of the San Carlos Unified School District's implementation status for the 14 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in July 2005. As the attached grid indicates:

- 4 recommendations have been implemented, and
- 10 recommendations are in the process of being implemented.

Our Office will continue to follow up at 6-month intervals with the District on the status of those recommendations that have not yet been fully implemented.

Sincerely,

Debbie Davenport
Auditor General

Enclosure

cc: Governing Board
Dr. John Bush, Superintendent
San Carlos Unified School District

San Carlos Unified School District

6-Month Follow-Up Report To

Performance Audit Report Issued July 2005

CHAPTER 1: Administration

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
<p>1. The District should continue to review its staffing levels to determine whether the number of administrative positions can be reduced.</p>	<p>Implementation in Process</p>	<p>Since the time of the audit, the District has eliminated or modified six positions. These changes may result in administrative costs savings of about \$100,000. Auditors will review this recommendation again at the time of the District's 12-month status report.</p>
<p>2. To reduce its administrative travel costs, the District should:</p> <ul style="list-style-type: none"> a. Consider the costs and benefits of sending staff to a conference. Travel should be limited to conferences and seminars that help the District achieve its goals and objectives. b. Limit the number of employees attending a given conference to the key staff members who need to attend. 	<p>Implementation in Process</p>	<p>According to the District, it plans to reduce travel costs by 20 percent during fiscal year 2006. Further, the District implemented a policy requiring prior approval by the Superintendent or Director of Support Services for all travel requests. Auditors will review this recommendation again at the time of the District's 12-month status report.</p>

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CHAPTER 2: Food Service

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should develop a system to more accurately determine the number of a la carte items sold, which would include counting items on the racks before and after each lunch period.	Implementation in Process	The District has begun implementing an inventory process. Auditors will review this recommendation again at the 12-month status report.
2. The District should implement adequate cash controls, including properly separating cash-handling and recordkeeping duties and adequately securing cash prior to deposit, such as in a cash register.	Implemented at 6 months	

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CHAPTER 3: Student Transportation

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should review its routes and determine ways to increase its bus capacity utilization, including staggering start times at its junior high and high schools.	Implementation in Process	The District has reviewed its bus routes and identified routes that can be consolidated. However, the District has not yet taken action to consolidate these routes.
2. The District should classify all costs in accordance with the Uniform Chart of Accounts for school districts, including student transportation costs. In particular, the District should improve its documentation of vehicle and fuel usage and properly record all vehicle costs not related to student transportation into the appropriate functions.	Implementation in Process	The District demonstrated that it is tracking gasoline usage. However, it could not demonstrate that it is using this information to properly classify costs to the appropriate functions.
3. The District should ensure that vehicle preventative maintenance and random drug and alcohol tests for bus drivers are conducted and documented as specified in the <i>Minimum Standards for School Buses and School Bus Drivers</i> .	Implementation in Process	In January 2006, the District conducted random drug tests, and it plans to continue conducting these tests three times per year. However, the District has not yet implemented a method for ensuring its school buses receive periodic preventative maintenance.
4. The District should validate its route mileage by comparing the mileage recorded in its bus driver logs to bus odometer readings from the beginning and ending of each school year. If significant discrepancies are noted through this comparison, the District should file a corrected route mileage report with the Arizona Department of Education as soon as possible.	Implemented at 6 months	

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CHAPTER 4: Plant Operation and Maintenance

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should analyze its waste disposal needs and determine the location and size of containers needed and the pick-up frequency to bring costs more into line with comparable districts.	Implemented at 6 months	
2. The District should follow the School District Procurement Rules and seek competitive bids for the services needed.	Implementation in Process	According to the District, during fiscal year 2005, it called four waste disposal service vendors and found that its current vendor was the only one interested in providing service. However, the District agreed that before entering into a contract for fiscal year 2007, it would follow proper procurement rules, including advertising in local newspapers to identify potential bidders.

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CHAPTER 5: Proposition 301 monies

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should ensure that its plan addresses how it intends to spend all Proposition 301 monies, including base pay and menu options monies.	Implemented at 6 months	
2. The District should ensure that its expenditures for class-size reduction, AIMS intervention, or dropout prevention from Proposition 301 monies are for instruction purposes only, as required by statute.	Implementation in Process	The District indicated that it is working to ensure that these types of expenditures are for instruction purposes only. Auditors will review the status of this recommendation again after the District has finalized its fiscal year 2006 accounting records.

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CHAPTER 6: Classroom Dollars

Recommendation	Status of Implementing Recommendation	Explanation for Recommendations That Have Not Been Implemented
1. The District should ensure that its transactions are classified in accordance with the Uniform Chart of Accounts for school districts.	Implementation in Process	The District indicated that it is working to ensure that all transactions are classified in accordance with the Uniform Chart of Accounts. Auditors will review the status of this recommendation again after the District has finalized its fiscal year 2006 accounting records.
2. The District should closely analyze its spending in noninstructional areas to determine if savings can be achieved and whether some of those monies can be redirected to the classroom.	Implementation in Process	While the District has reviewed its administration costs and adjusted its staffing levels to achieve cost savings, it has not analyzed other areas, such as student support services, plant operations and maintenance, and student transportation, to determine further potential cost savings.